Delaware Public Employees' Retirement System State Employees' Pension Plan

Retirement Planning

Presented by the State of Delaware Office of Pensions

Statistics (as of 6/30/17)

- 33,424 Retirees (including terminated vested) from all nine plans
 - 26,179 from State Employees' Pension Plan (SEPP)
- 43,744 Active Members in all nine plans
 - 36,198 in SEPP
- Over \$9.5 billion in the Delaware Public Employees' Retirement System (8 pension plans, 1 length of service award plan, 3 post-retirement trusts, 1 investment pool)
 - Assets of \$8.5 billion in SEPP
 - Approximately 85.3% funding ratio for SEPP

Pension Contributions

- Deducted after first \$6,000 of earnings each calendar year
- First Hired Prior to 1/1/2012
 - 3% contribution
 - Correctional Officers/Specified Peace Officers 5% contribution
- First Hired on or After 1/1/2012
 - 5% contribution
 - Correctional Officers/Specified Peace Officers 7% contribution
- Employer Contributions
 - FY 2018 10.42% of salary

Retirement Eligibility — Unreduced Service Pension

- First Hired Prior to 1/1/2012
 - 30 years of pension credited service at any age
 - Age 60 with at least 15 years of pension credited service
 - Age 62 with at least 5 consecutive years of pension credited service
- Hired on or After 1/1/2012
 - 30 years of pension credited service at any age
 - Age 60 with at least 20 years of pension credited service
 - Age 65 with at least 10 years of pension credited service (5 years consecutive)
- Correctional Officer/Specified Peace Officer
 - 25 years of pension credited service regardless of age with 20 years as a Correctional Officer/Specified Peace Officer
 - (5 consecutive years)

Retirement Eligibility – Reduced Service/Age Pension

- 25 years of pension credited service at any age
 OR
- Age 55 with at least 15 years of pension credited service
- First Hired Prior to 1/1/2012
 - Reduced 0.2% for each month short of 30 years
 - Reduced 0.2% for each month under Age 60
- Hired on or After 1/1/2012
 - Reduced 0.4% for each month short of 30 years
 - Reduced 0.4% for each month under Age 60

Retirement Eligibility – Vested Pension

- First Hired Prior to 1/1/2012
 - Must have 5 consecutive years of pension credited service
 - Pension is effective first of the month following 62nd birthday
- Hired on or After 1/1/2012
 - Must have 10 years of pension credited service
 (5 years must be consecutive)
 - Pension is effective first of the month following 65th birthday

Unified Pension

- May combine service in the following Pension Plans with service in the SEPP provided not collecting a pension from them
 - County & Municipal General Employees'
 - New State Police
 - County & Municipal Police & Firefighters
 - Judicial

Buy-In Options Upon Retirement

- Approved medical or personal leaves of absence
- Sick Leave
- Actuarial (Ex: Military, Other Governmental)*
- Other Professional Educational Experience (OPEE)*

*Buy-in options must be approved and/or verified by the Office of Pensions prior to retirement

Payment For Eligible Buy-In Options

- Payment for the purchase of an approved buy-in is calculated at the time of the employee's retirement
- Written notification will be mailed directly to the home address the month the retiree will receive their first pension benefit
 - Must be paid prior to issuance of first benefit
- Can be purchased one of three ways:
 - Deducted from first monthly pension, if sufficient to cover the entire cost
 - Personal check
 - Rollover from a qualified tax-sheltered account
 - 401(A), 457(B), 403(B) (under certain circumstances), or an IRA

Payment for Leave Accruals

- You may be entitled to payment for sick and annual leave accruals
- Payment is made by your Organization
- Contact your Human Resources or Payroll representative for entitlement, estimated payoff amount and date to expect payment

Who is an Eligible Survivor?

- A <u>survivor</u> is a person eligible to receive a monthly pension at the time of the active member or pensioner's death
 - Spouse
 - Child/children under age 18, unmarried, and if between the ages of 18 and 22, a full-time student
 - Child permanently disabled as a result of a disability that began before the child attained age 18
 - Dependent parent(s)

Joint And Survivor Benefit

- Payable to an eligible survivor
- Election must be made
- One-time irrevocable
- Pensioner's monthly pension reduced for lifetime
 - 50% = No reduction
 - 66.67% = 2% reduction
 - 75% = 3% reduction
 - 100% = 6% reduction

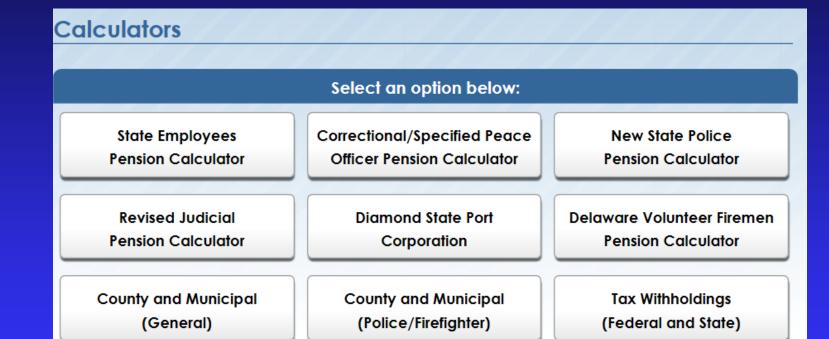
Who is a Beneficiary?

• A <u>beneficiary</u> is named on the Member Actuarial Information form or the Contributory Designation/Change of Beneficiary form and receives a lump sum distribution of the balance of member paid pension contributions, plus interest, in the event that there is no eligible survivor at the time of the member's death

Calculating Your Estimated Monthly Pension Visit www.delawarepensions.com



Calculating Your Estimated Monthly Pension



Compute your estimated Monthly Pension:

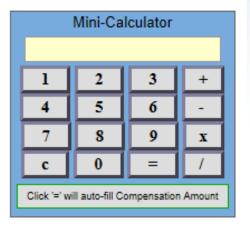
(If you are thinking about early retirement use the top calculator and then use the bottom calculator)

Compute your estimated Tax Withholding:

Tax Withholding Calculators

Helpful Hint:

Do not use commas in the combined highest 3 year compensation field. For example, type 100000 instead of 100,000.



Please choose the nearest month or decimal in accordance with your State of Delaware service.

Your total creditable compensation is the total compensation paid to you during the three periods of 12 consecutive months during which your compensation was the highest.

2 YOUR MONTHLY EARNINGS PENSION IN CALCULATIONS ARE ESTIMATED	NFORMATION		
Monthly Final Average Earnings	3496.15	\$ 1623.09	1590
Calculation factor years of service prior 1/1/97	69.92	estimated monthly	estir mo
Calculation factor years of service after	64.60	pension	per

12/31/96

Credited number years of service prior Jan.
1, 1997

Credited number years service after Dec. 31, 1996

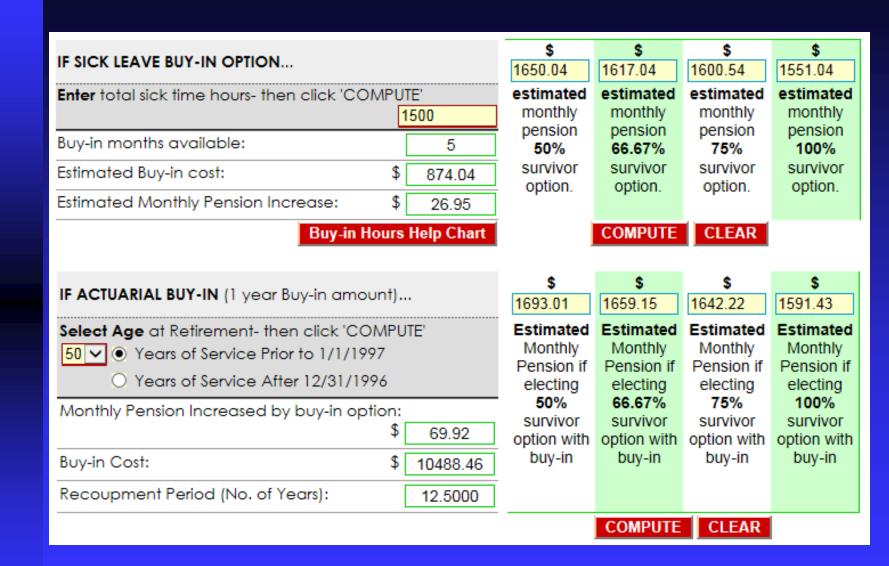
\$	\$	\$	\$
1623.09	1590.63	1574.40	1525.70
estimated	estimated	estimated	estimated
monthly	monthly	monthly	monthly
pension	pension	pension	pension
50%	66.67%	75%	100%
survivor	survivor	survivor	survivor
option.	option.	option.	option.

3 ADDITIONAL CALCULATORS

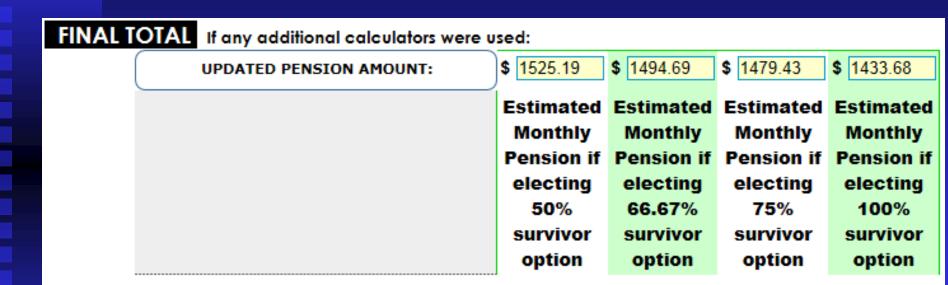
CALCULATIONS ARE ESTIMATED

NOTE: You must perform calculation in Step #1 first for the additional calculators to work properly.							
IF EARLY RETIREMENT		\$	\$	\$	\$		
IF EARLT RETIREMENT		1428.32	1399.75	1385.47	1342.62		
		estimated	estimated	estimated	estimated		
Enter number of months reduced	60	monthly	monthly	monthly	monthly		
then click 'COMPUTE'		pension	pension	pension	pension		
		50%	66.67%	75%	100%		
Your monthly reduction:	\$ 194.77	survivor	survivor	survivor	survivor		
readenom	Ψ 154.11	option.	option.	option.	option.		
			COMPUTE	CLEAR			

64.68



Final Total of Estimated Monthly Pension



Print a complete Estimate Summary based on the data input.

Burial Benefit

- \$7,000 benefit
- No cost to pensioner
- Beneficiary(ies) designation
- Payment is taxable

- All plans coupled with prescription plan coverage (except Special Medicfill non-prescription coverage option)
 - Changes in coverage once a year during the open enrollment period in May; changes are effective July 1st
 - Medicare–eligible members' open enrollment period occurs in October; changes effective January 1st
- Life Changing Event Changes must be done within 30 days of the event
- If eligible for double state share please visit http://ben.omb.delaware.gov/dss/index.shtml for premium information

- Health benefits are available with the "State Share" paid by the State of Delaware for members:
 - First hired prior to 7/1/1991
 - Disability Pensioners
 - Members on Long Term Disability

• For members first hired on or after 7/1/1991 through 12/31/06, the following portion of the "State Share" will be paid by the State of Delaware:

•	Less tha	an 10	years of	credited	service	0%
			J 5002 8 5 2	02002000	. 552 1255	9 / 9

•	10 years –	14 years 1	11 months	50%

•	15 years –	19	years	11	months	75%

•	At least 20 years	100%
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• For members first hired on or after 1/1/07, the following portion of the "State Share" will be paid by the State of Delaware:

•	Less than	15 years	of credited service	0%
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- 15 years 17 years 5 months 50%
- 17 years 6 months 19 years 11 months 75%
- At least 20 years100%

Example

Non-Medicare Rates Effective July 1, 2016						
Total Monthly State Share Pensioner Rate Pays						
High	mark Delaware First S	tate Basic Plan				
Employee	\$695.36	\$667.52	\$27.84			
Employee & Spouse	\$1,438.68	\$1,381.16	\$57.52			
Employee & Child(ren)	\$1,057.02	\$1,014.76	\$42.26			
Family	\$1,798.42	\$1,726.50	\$71.92			

Member first hired on 10/16/1991 retiring with 14 years of pension creditable service

Chooses Employee coverage:

 $$667.52 \times 50\% = $333.76 + $27.84 = 361.60 per month

Medicare Coverage

- Medicare becomes primary health insurance through Social Security (SS) when an individual attains age 65 or SS determines eligibility
 - Medicare Part A
 - Hospital
 - Required to enroll upon eligibility
 - Medicare Part B
 - Medical (doctors, supplies, etc.)
 - Not required until retirement or no longer have active employer coverage
 - Medicare Part D
 - Prescriptions
 - If enrolled in State Supplement plan with prescription option, includes Enhanced Part D program

Example

Medicare Supplement - Special Medicfill Rates Effective January 1, 2017

• • • • • • • • • • • • • • • • • • • •						
	Total Monthly Rate	State Share	Pensioner Pays			
Highmark Delaware Medicare Supplement						
Special Medicfill with Prescription	\$459.38	\$436.42	\$22.96			
Special Medicfill without Prescription* \$260.44 \$247.44 \$13.00						
*Medicare Supplement plan WITHOUT prescript	Medicare Supplement plan WITHOUT prescription is provided for Medicare Beneficiaries enrolled in Medicare Part D					

Member first hired on 10/16/1991 retiring with 14 years of pension creditable service

Chooses Special Medicfill with Prescription: \$436.42 x 50% = \$218.21 + \$22.96 = \$241.17 per month

Dental & Vision Insurance

- Same Plans (Merit System)
- Life Changing Event Changes must be done within 30 days of the event
- Automatic payroll deduction

Blood Bank

- The Blood Bank of Delmarva needs the support of everyone in our community
- Participation is free and reward points are earned by donating blood or platelets
- Visit the blood bank at: http://ben.omb.delaware.gov/blood/index.shtml or https://www.delmarvablood.org/
- To confirm or begin participation with Members for Life, please contact Blood Bank of Delmarva by e-mail at membership@bbd.org or by phone at (800) 548-4009

Securian Insurance

 Available to eligible active members who want to maintain Group Universal Life (GUL) after retirement

Premiums must be paid directly to Securian

Direct Deposit

- Mandatory for monthly pension
- Deposited on the last business day of each month

Taxes

- Monthly pension is taxable by the Federal Government
- May or may not be taxable in the State where the retiree maintains permanent residence
- Form 1099-R

Payment of First Monthly Pension

- Lag Payroll Lag Pension
- Monthly pension is calculated after the receipt of your final pay from your Organization
- Online pay advices

Working After Retirement

- Only applies if considering employment with an organization participating in the State Employees' Pension Plan
- Per Delaware statute and IRS guidelines
 - If under age 65 must have a bona fide separation of at least six months
 - If over age 65 a bona fide separation is not required
 EITHER OF THE ABOVE AND
 - Must be in a non-pension covered position
- Earnings limit \$30,000 Monthly pension offset \$1 for every \$2 earned over the limit

Post Retirement Increases (PRI)

- A PRI is a pension increase received after retirement
- Granted upon Legislative approval

So...Ready for Retirement?

- Written notification to supervisor or Human Resources four months prior to retirement
- Human Resources
 - Validates eligibility to retire
 - Prepares pension application
 - Verifies pension creditable service
 - Submits application to Office of Pensions for acceptance
 - Schedules appointment with member to complete the pension packet
- Member
 - Gathers personal documents needed for self, spouse and eligible dependent(s) as applicable

After You Retire

The Office of Pensions maintains pensioner records

- Updates must be in writing
 - Name
 - Address
 - Other personal information
- Available to answer questions or concerns

Contact the Office of Pensions

• Website: <u>www.delawarepensions.com</u>

• Email address: Pensionoffice@state.de.us

• Phone: (302) 739-4208

• Toll free: (800) 722-7300

• Fax: (302) 739-6129

 Office Address: McArdle Building 860 Silver Lake Blvd, Ste. 1 Dover, DE 19904-2402



Confirm Your Beneficiary Designation

- Call Voya Customer Service 800-584-6001
- www.DelawareDefer.com



- Log In To Your Account
- Savings Plans
- "I Want To"
- Select an Option
- Change Beneficiary

